

ISO MINES LIMITED

Seventeenth Annual Report
to
The Shareholders

FOR THE FISCAL YEAR ENDED
DECEMBER 31st, 1969

ISO MINES LIMITED

Head Office: 20 King Street West, Toronto, Ontario

OFFICERS:

J. P. DOLAN - - - - - *President*
G. C. MCCARTNEY - - - - - *Vice-President*
R. A. CRANSTON, Q.C. - - - - - *Secretary-Treasurer*

DIRECTORS:

J. P. DOLAN	G. C. MCCARTNEY
ERIC CRADOCK	ANDREW ROBERTSON
R. A. CRANSTON	D. E. G. SCHMITT

TRANSFER AGENTS AND REGISTRARS:

GUARANTY TRUST COMPANY OF CANADA

AUDITORS:

EVANS, MOORE & POWELL

BANKERS:

CANADIAN IMPERIAL BANK OF COMMERCE

SOLICITORS:

LANG, MICHENER, CRANSTON, FARQUHARSON & WRIGHT

ANNUAL MEETING

Royal York Hotel, Toronto, Ontario
Thursday, April 30, 1970, 11.30 a.m.

ISO MINES LIMITED

Report of the Directors

To the Shareholders,
ISO MINES LIMITED

At this time your Directors present the Seventeenth Annual Report of your Company along with the Consolidated Balance Sheet, Auditors' Report and Financial Statements dated December 31, 1969.

As in the previous year, your Company received an income from dividends paid by Mattagami Lake Mines Limited in the amount of \$421,275.00. In addition the income from the Company's holdings in Orchan Mines Limited amounted to \$34,280.00.

Reference to the balance sheet will indicate to the shareholders that the value of marketable securities owned by your Company has increased by approximately 100 percent.

Iso Mines Limited and its subsidiary, Iso Explorations Ltd., were indeed active in exploration work and property investigations throughout the year. In the following pages the activities of both Companies are summarized.

ISO MINES LIMITED

NEW BRUNSWICK

No exploration or assessment work was undertaken in New Brunswick in 1969. The claim groups referred to in recent annual reports were not maintained in good standing. A 51% interest in a group of 21 claims staked in the vicinity of the Heath Steele Mine was obtained.

QUEBEC

No changes have been made in the shares owned by the Company in Mattagami Lake Mines, Orchan Mines and Dumagami Mines.

ONTARIO

The claim groups in the Elliot Lake-Blind River area were maintained in good standing. It is not planned to undertake additional work in this area until 1971 unless renewed interest in uranium brings about a change in policy.

NORTHWEST TERRITORIES

As indicated in the Sixteenth Annual Report, a 475-claim group was staked in the Keewatin portion of the Northwest Territories. During the summer of 1969 a considerable field program was undertaken on the claims and, although no significant amounts of uranium were detected, sufficient encouragement was obtained to warrant keeping in good standing for at least three years that portion of the property which contains the most attractive structures.

SOUTHWESTERN U.S.A.

The Ventura and Four Metals properties in Arizona in which Iso Mines is a partner along with Noranda Mines Limited are being retained. No additional work was done during the year except that having to do with maintaining the properties.

In Nevada a new project is under way in which your Company is investigating the merit of a copper prospect in the west central part of the State. This is an option deal in which Iso Mines is sharing on a 50:50 basis financial obligations with Frank M. McMahon.

Preliminary work in the form of bulldozer trenching and rotary drilling is under way.

ISO EXPLORATIONS LTD.

BRITISH COLUMBIA

Della Mines Ltd. (N.P.L.)

A progress report by the President of the Company covering work done and results obtained during the 1969 field season is appended.

Axel Mines Ltd. (N.P.L.)

In order to expedite the development of the Plateau Metals property in the Williams Lake area, a new company known as Axel Mines Ltd. was formed. The Axel Mines property, located six miles north of McLeese Lake, is immediately west of the Gibraltar Mines property.

During February 1969 six shallow holes were drilled from the ice surface of Teakettle Lake, on the shore of which certain fragments of copper-bearing rock had been discovered. Results were not encouraging. In order to outline a more thorough drilling program Axel Mines arranged for geophysical work in the form of I.P. and Resistivity Surveys. A few vague and weak anomalies were revealed over the east central and north central portions of the property. Four holes were drilled in November and December. This drilling was disappointing in that only a trace of pyritic sulphides were obtained with little or no indication of copper mineralization.

It is planned to await developments on the nearby Gibraltar and Morocco Mines' properties before undertaking additional work on the Axel property.

Reed Lake and Bower Creek

An interesting area has been revealed by prospectors in the vicinity of Reed Lake, central B.C. Molybdenite mineralization has been recognized in a skarn zone associated with quartz porphyry. Also lead, zinc and silver mineralization has been noted.

It is planned to undertake extensive prospecting and bulldozer work in this area during the 1970 field season.

The Bower Creek property in north central B.C. has not responded well to investigation and as a result it is not planned to continue investigation in this area.

Little Rocky Mining Co. Ltd.

Although your Company's interest in Little Rocky is a modest one, about 10% of the outstanding shares, a disappointing comment has to be made in that results of development work on the property in Montana during 1969 were not encouraging and the property was allowed to revert to the owners.

The Little Rocky Mining Co. has entered into an agreement with B.C. prospectors to undertake investigation of a silver lead prospect in the Yukon, immediately north of the B.C. boundary.

On behalf of the Board of Directors,

J. P. DOLAN,
President.

Toronto, Ontario,
February 11, 1970.

Della Mines Ltd. (N. P. L.)

SUITE 1307-1030 WEST GEORGIA STREET

VANCOUVER 5, B.C.

PROGRESS REPORT

The 1969 field season at the Della Mines Ltd. property in the Liard Mining Division of British Columbia extended from early April to the third week in September when work stopped due to the onset of winter conditions.

The work program included the mapping of the surface geology of the whole property, some geochemical investigations on the northwest side of Mount Haskin and 19,551 feet of diamond drilling in forty drill holes.

All but three of the holes were drilled on the northwest slope of Mount Haskin, principally on Mom # 14, Rain # 1 and Rain # 2 claims. Twenty-one holes intersected significant molybdenite mineralization and delineated a zone 1,900 feet long with a maximum width of 500 feet, containing between surface and 500 feet depth, 13,482,200 tons with an average content of 0.157% molybdenum sulphide (MoS_2).

Several holes outside the molybdenum zone intersected antimony mineralization. Difficulty in duplicating preliminary assays in making routine checks makes it impossible to evaluate the deposit until the technical assaying problems have been resolved.

Less than 10% of the total claim area has been prospected up to this time. During the last few days of the season the drill was moved to the east side of Mount Haskin on claims Joem # 2 and # 4 where an extensive area of massive sulphides was exposed in trenches excavated by previous owners. There was no opportunity to prepare drill setups for testing the main showing but three short holes were put down where feasible, and a narrow offshoot of the main showing was cut at 250 foot depth, showing 7 feet assaying 5.90 oz. silver per ton and 1.89% copper.

The program for the 1970 field season includes the investigation by geochemical survey of the 40 claims to the east and southeast of Mount Haskin. Bulldozer stripping will follow the survey. The diamond drill will be employed to test any favourable new areas located by these means as well as the full testing of the main sulphide zone. There are numerous areas favourable to molybdenite and other base metal sulphide mineralization.

DELLA MINES LTD. (N.P.L.)

ANDREW ROBERTSON
*President*Vancouver, B.C.
February 9, 1970.

ISO MINES

(Incorporated under the laws of the Province of Ontario)

Consolidated Balance Sheet

(With comparative figures for 1968)

ASSETS		1969	1968
Current			
Cash	\$	59,445	\$ 22,449
Accounts receivable and field advances		16,792	20,817
	\$	<u>76,237</u>	<u>\$ 43,266</u>
Investments			
Marketable securities at cost and having a quoted market value of \$8,909,500 (1968—\$4,662,000)	\$	285,873	\$ 285,873
Shares with no quoted market value and advances to other companies at the lesser of cost or nominal value		303,158	172,078
	\$	<u>589,031</u>	<u>\$ 457,951</u>
Mining Claims and exploration work—at cost	\$	<u>370,470</u>	<u>\$ 656,231</u>
Fixed—at cost			
Field equipment	\$	12,291	\$ 11,059
Office and Leasehold		49,741	35,206
	\$	<u>62,032</u>	<u>\$ 46,265</u>
Deferred Development and Administration Expenses	\$	<u>245,745</u>	<u>\$ 217,424</u>
		<u><u>\$1,343,515</u></u>	<u><u>\$1,421,137</u></u>

AUDITED

To the Shareholders of
ISO MINES LIMITED

We have examined the consolidated balance sheet of Iso Mines Limited and Subsidiaries as at December 31, 1969 and the accompanying explanatory notes and consolidated statements of deficit, operations, and source and application of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of the accounting records and other supporting evidence as we considered necessary in the circumstances.

Toronto, Ontario,
March 14, 1970.

LIMITED AND SUBSIDIARY

(Incorporated in the Province of Ontario)

as at December 31, 1969

(figures for 1968)

LIABILITIES		1969	1968
Current			
Bank loan—secured	\$	420,000	\$ 470,000
Accounts payable		9,766	27,198
	\$	<u>429,766</u>	<u>\$ 497,198</u>

SHAREHOLDERS' EQUITY			
Capital			
Authorized			
5,000,000 shares of \$1 par value			
Issued and Fully Paid			
3,250,005 shares	\$3,250,005	\$3,250,005	\$3,250,005
Less discount thereon	2,275,000	2,275,000	2,275,000
	\$	<u>975,005</u>	<u>\$ 975,005</u>
Deficit		61,256	51,066
	\$	<u>913,749</u>	<u>\$ 923,939</u>

Approved on Behalf of the Board:

J. P. DOLAN, Director

R. A. CRANSTON, Director

<u>\$1,343,515</u>	<u>\$1,421,137</u>
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REPORT

In our opinion these financial statements and the explanatory notes thereto present fairly the financial position of the company as at December 31, 1969 and the results of its operations and source and application of its funds for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

EVANS, MOORE & POWELL,
Chartered Accountants

ISO MINES LIMITED AND SUBSIDIARY

CONSOLIDATED STATEMENT OF DEFICIT

For the Year Ended December 31, 1969

(With comparative figures for 1968)

	1969	1968
Balance—January 1	\$ 51,066	\$354,477
Add: Exploration expenses written off	358,519	47,288
Equipment written off	1,143	—
Incorporation expense written off	—	396
Investments written off	878	—
Loss on disposal of equipment	2,159	—
	<u>\$362,699</u>	<u>\$ 47,684</u>
	<u>\$413,765</u>	<u>\$402,161</u>
Deduct: Gain on disposal of investments	\$ —	\$ 3,368
Net income for the year	<u>352,509</u>	<u>347,727</u>
	<u>\$352,509</u>	<u>\$351,095</u>
Balance—December 31	<u>\$ 61,256</u>	<u>\$ 51,066</u>

CONSOLIDATED STATEMENT OF OPERATIONS

For the Year Ended December 31, 1969

(With comparative figures for 1968)

	1969	1968
Income		
Dividends received	\$455,555	\$434,130
Expense		
General and administrative expenses	<u>103,046</u>	<u>86,403</u>
Net Income for the Year	<u>\$352,509</u>	<u>\$347,727</u>

ISO MINES LIMITED AND SUBSIDIARY

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

For the Year Ended December 31, 1969

(With comparative figures for 1968)

	1969	1968
Source		
Net income for the year	\$352,509	\$347,727
Proceeds from disposal of investments	—	3,370
Proceeds from disposal of equipment	1,500	—
	<u>\$354,009</u>	<u>\$351,097</u>
Application		
Exploration—Advances to affiliated companies	\$118,584	\$126,160
—General	50,680	101,265
Deferred development and administration	63,773	36,038
Fixed assets purchased	20,569	19,915
Incorporation expense	—	396
	<u>\$253,606</u>	<u>\$283,774</u>
Improvement of Working Capital Position	<u>\$100,403</u>	<u>\$ 67,323</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended December 31, 1969

Note 1: Security held by the company's bankers consists of certain of the company's marketable investments.

Note 2: Aggregate direct remuneration paid during 1969 to directors and senior officers of the company amounted to \$61,547 (1968—\$37,409).

Note 3: Iso Mines Limited holds an 80% interest in its subsidiary Iso Explorations Ltd. As at December 31, 1969 the minority interest in the deficit of the subsidiary amounted to \$5,525.

Note 4: There are options outstanding on 50,000 shares of the company's capital stock at \$1.97, which may be taken up on a cumulative basis to a maximum of 10,000 shares a year for the first five years and expiring in ten years on November 4, 1979.

Note 5: Under the terms of a lease and option agreement entered into by an affiliated company on October 15, 1969 and in which company Iso Mines Limited has a 50% interest, the affiliated company has agreed to purchase certain mining properties on an instalment basis for a total cost of \$750,000, payable as follows:

\$ 25,000 in 1969, which amount has been paid.
100,000 in 1970, of which amount \$25,000 has been paid at this date.
100,000 in 1971
125,000 in 1972
212,500 in 1973
187,500 in 1974
<u>\$750,000</u>

Note 6: Under the terms of an agreement dated August 22, 1968 and subsequently amended, Iso Explorations Ltd. may acquire, provided that all other conditions of the agreement are met, 750,000 shares in Della Mines Ltd. for a total cost of \$137,500. Of this sum, \$80,000 has been paid to date with the balance payable as follows:

\$40,000 payable on or before January 1, 1970, which amount has since been paid.
\$17,500 payable on or before January 1, 1971.



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